



## COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON CHAN  
Chief Engineer and General Manager

November 29, 2012

File: 31-150.13.10

Board of Directors  
County Sanitation District No. 27  
of Los Angeles County

Directors:

The consolidated agenda includes the following items for the regular meeting of the Board of Directors of the District meeting Tuesday, December 11, 2012.

1. Certificate of Presiding Officer/Chairperson Pro Tem. The new Chair and Chair Pro Tem of the Board of Supervisors automatically become the Chairperson and Chairperson Pro Tem of the Board of Directors of the Sanitation District.

2. Minutes. Copies of the minutes have been provided to each of the Directors.

3. Departmental Invoices. A departmental invoice is an internal document that transfers each District's proportionate share of expenditures made by District No. 2, the administrative District, on behalf of the participating Districts in accordance with authority granted through joint agreements. During the month, charges are made to a clearing account which is administered by District No. 2 and then are distributed at month end according to those agreements.

4. Investment Policy and Delegation of District Treasurer. The District's investment policy requires that the District annually review and approve its investment policy, which action also delegates authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or exchange securities. A copy of the District's investment policy is attached and no changes are recommended. The matter has been discussed with the Personnel Committee, comprised of the Chairpersons of all of the Districts' Boards, which concurred with the recommendation.

Very truly yours,

Grace Robinson Chan

GRC:rza

Enclosures

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICT NO. 27

To be held in the HEARING ROOM  
OF THE BOARD OF SUPERVISORS  
Kenneth Hahn Hall of Administration, Los Angeles, California

TUESDAY		December 11, 2012		At 9:30 A.M.
ANTONOVICH	KNABE	RIDLEY-THOMAS (Chairperson)	MOLINA	YAROSLAVSKY

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1. Recommendation: Receive and order filed certificate of the Presiding Officer of the Board of Supervisors and the action electing the Chairperson Pro Tem.

2. Approve minutes of the regular meeting held September 18, 2012.

2. Recommendation: Approve departmental invoices as follows:

	<u>August 2012</u>	<u>September 2012</u>	<u>October 2012</u>
District No. 27 (3)	\$48,049.33	\$32,736.12	\$33,563.58

3. Recommendation: Approve the Investment Policy and renew delegation of authority to the District Treasurer for County Sanitation District No. 27 (3).

Adjourn

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 8/31/2012

To: County Sanitation District No. 27  
(Org. Receiving Services)

Date Service Accrued: August 31, 2012

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: September 20, 2012

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DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 5,647.32
Joint Administration - Capital	7.47
Local - Capital	42,394.54

Total of all charges	<u>\$ 48,049.33</u>
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Recap 8

Document No. 56

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 9/30/2012

To: County Sanitation District No. 27  
(Org. Receiving Services)

Date Service Accrued: September 30, 2012

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: October 17, 2012

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DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 5,065.98
Joint Administration - Capital	7.27
Local - Capital	27,662.87

Total of all charges	<u>\$ 32,736.12</u>
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Recap 16

Document No. 94

Date Board Approved: \_\_\_\_\_

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY  
**DEPARTMENTAL INVOICE**  
FOR THE MONTH ENDED 10/31/2012

To: County Sanitation District No. 27  
(Org. Receiving Services)

Date Service Accrued: October 31, 2012

From: County Sanitation District No. 2  
(Org. Providing Services)

Date Prepared: November 20, 2012

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DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 5,331.60
Joint Administration - Capital	17.55
Local - Capital	28,214.43

Total of all charges	<u>\$ 33,563.58</u>
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Recap 16

Document No. 132

Date Board Approved: \_\_\_\_\_

**County Sanitation District No. \_\_\_\_\***

**of**

**Los Angeles County**

**\* Same Policy for Districts Nos. 17 and 27**

***Investment Policy***

**(POLICY "B")**

# **Investment Policy**

## **County Sanitation District No. \_\_\_\_ of Los Angeles County**

### **Policy Statement:**

This investment policy of County Sanitation District No. \_\_\_\_ of Los Angeles County (District) provides for the prudent investment of the District's funds and the efficient management of investment activities. It is intended that this policy cover all investment activities under the direct control of the District.

### **Prudent Investor Standard:**

This policy shall be implemented in accordance with the standard for governing bodies or persons authorized to make investment decisions on behalf of public bodies. This standard is set forth in Section 53600.3 of the Government Code which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

### **Authority:**

By prior action of the District's Board of Directors the Chief Engineer and General Manager is the Fiscal Officer of the District and by this action is formally appointed Treasurer of the District. The District's Board of Directors hereby delegates to the Treasurer the authority to manage, deposit and invest District funds in accordance with this policy and all provisions of law. The District Treasurer shall develop procedures to fully implement this policy in accordance with this delegation of authority, and shall report to this Board in accordance with the requirements of law and this investment policy.

**Investment Objectives:**

This policy shall also be implemented in accordance with the legislative direction concerning objectives of a trustee. This standard is set forth in Section 53600.5 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

**Safety of Principal:** In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.

**Liquidity:** In order to meet the District’s liquidity needs, investments shall be made so that maturity dates are compatible with cash flow requirements, and when required, permit easy and rapid conversion into cash.

**Return on Investments:** Investments shall be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

**Investment Placement:**

The District Treasurer will continue to invest District funds with the County of Los Angeles, both in the Pooled Surplus Investment Fund and in specific investments purchased through the Los Angeles County Treasurer, and also with the State of California Local Agency Investment Fund. The District Treasurer shall continuously evaluate the District’s cash flow requirements and when it is determined that funds are available for longer term investments, the District Treasurer shall, after conferring with the Los Angeles County Treasurer, purchase specific investments through the Los Angeles County Treasurer consistent with the financial needs of the District.

**Investment Safekeeping:**

With respect to specific investments, to ensure a high degree of internal safety all certificates or other evidence of securities or other investments purchased for the District shall be held for safekeeping by the Los Angeles County Treasurer, in a manner that reflects the District’s ownership.

**Maximum Maturities:**

The District Treasurer shall match investments with anticipated cash flow requirements. The District Treasurer will not invest in securities maturing more than five (5) years from the date of purchase unless approved by the District's Board of Directors, either specifically or as a part of an investment program, at least (3) months prior to purchase.

**Reporting Requirements:**

In accordance with Government Code Section 53646, the District Treasurer shall prepare and submit a quarterly report to the Board of Directors. The quarterly report shall comply with applicable law and shall in any event include the security type, issuer, investment yield, date of maturity, par value, amount invested, current market value and source of this valuation. Any investments in state or local county pools will be included with a summary of its most recent investment statement.

**Internal Control:**

In addition to the certified public accountant's yearly independent audit of the District, quarterly audits of the investment portfolio shall be conducted by the District's Chief Accountant to ensure compliance with the investment policy and procedures provided for hereby.

**Investment Policy Adoption:**

This policy shall be reviewed on an annual basis and any modifications made thereto shall be approved by the District's Board of Directors. Prior to such review, the matter will be referred to the Personnel Committee (comprised of the Chairperson of each Board) for its consideration.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_ .